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Policy Planning Staff
October 10, 1949

S/S-S Mr. Reber

There is attached, for consideration by the Under Secretary's staff committee, a paper entitled "Basic Principles of U.S. Policies in Inter-American Affairs".

The Annex to the paper cites the source material used in its preparation. Several revisions of the paper have been made as the result of comment from our diplomatic missions in the twenty Latin American countries, and a series of meetings in the Department among representatives of S/P, ARA, E, OFD, PA, POS, UNA, DRA, RE and Major General T. H. Landon of the National Military Establishment.

A final revision (the present text) was made in the light of the Secretary's major policy speech of September 19, a copy of which is attached.

The first 22 pages of the paper need not be read in their entirety by members of the staff committee. These pages contain a summary of the background material on which the statement of principles is based. The substance of the paper is contained in the concluding pages 23 to 30.

The paper is approved by S/P and ARA, and the views of many other offices have been carefully considered and incorporated into the paper to a substantial extent. I myself have read the paper and think that it should come before Mr. Webb's staff committee. The pressure of other work has prevented me from giving the paper the detailed study that I wanted to give to it.

Recommendations

1. That the paper be approved as an expression of the Department's position on this subject.

2. That, if approved, copies be furnished to senior officers of the Department down to and including Office Directors.

3. That

3. That ARA distribute copies to all officers of ARA, and to our diplomatic and consular offices in the Latin American countries.

4. That copies be sent to members of the National Security Council for their information.

5. That ARA be responsible for bringing to the attention of other departments and agencies of the Government such parts of the paper as ARA may deem pertinent and useful.

George F. Kennan
Director, Policy Planning Staff

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October 7, 1949

BASIC PRINCIPLES OF U.S. POLICIES IN INTER-AMERICAN AFFAIRS

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ANNEX--SOURCES AND STATISTICS

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October 7, 1949

Problem

To state principles which should govern the formulation of U.S. policies concerned with inter-American affairs.

1. A section on sources and statistics is included in the attached annex.

HISTORICAL AND BACKGROUND FACTORS

2. In the circumstances in which the American Republics won their independence, it was of interest to the people of each republic to protect themselves and each other from any resumption of European domination. Loss of independence by any one country would have provided a possible foothold for incursions against other countries or encouragement, by example, to other European imperialist nations. However, the only American republic powerful enough to presume to make any sweeping pronouncement against extension of European systems to the Hemisphere was the United States, which did so in the Monroe Doctrine of December 2, 1823.

3. The cumulative effectiveness of the Monroe Doctrine, though probably considerable, was restricted by (1) the doubtful power of the United States at that time to implement the policy and (2) the fear and distrust that developed in the other American republics that the U.S. might have imperialist designs of its own against them, as a corollary to its opposition to European domination. The effectiveness of the Monroe Doctrine also was impaired by our failure to apply it in certain emergencies,

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aggression, such as French and English intervention in Argentina and Uruguay in the 1840's, the reconquest of Santo Domingo by Spain in 1860, and the conflict between Chile and Spain in 1866.

4. The Monroe Doctrine remains one of the cardinal foreign policies of the United States, although for political reasons it no longer is emphasized in its original context. The original considerations for its adoption still are valid. The Monroe Doctrine almost certainly would be implemented in the event that inter-American and other security arrangements failed to prevent or repel armed aggression or the imposition of an alien ideology anywhere in this Hemisphere by a non-American state.

5. The United States and the Spanish-American republics alike arose from revolutions against the imperialistic monarchies and not only independent, but republican forms of government were cherished as the fruits of these revolutions. This position of common revolutionary ideals is the more remarkable when diversity of their respective political inheritances is considered. In the United States, a long colonial experience in representative partial self-government was itself a continuation of the antecedent English history of struggle against arbitrary monarchy. This is in sharp contrast with the background for revolution and the founding of new institutions in Latin America. The mother country, whether Spain or Portugal, could not supply what she herself lacked. Democratic self-government was not only alien

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ation to the mother governments, but incipient tendencies toward it in the colonies were deliberately suppressed and the introduction of libertarian ideas was rigidly proscribed. There was a far higher degree of ecclesiastical control, oppressive economic measures and political vassalage in the Spanish colonies than there was in English speaking colonies of North America. Moreover, a working union preceded the Declaration of Independence. In South America, provinces and even cities declared themselves free before they united in the fight against Spain. Freedom without a prior apprenticeship in self-government forced the new Latin American states to assume a developed stage without first having had the preliminaries. The lack was partly supplied by the U.S., which simultaneously provided an example of successful separation from imperial control and a model for democratic institutions.

6. Since 1900 the OAR have tended to develop conditions which over the long period seem to be establishing a more stable base for the operation of political democracy. Progress, however, is extremely slow; its rate varies from country to country; it must overcome the serious obstacle of widespread corruption in governments; and in the cross currents set up by international crises accompanying world wars and depression, basic instabilities reassert themselves in political upheavals throughout the area. Thus, in the aftermath of World War II both political uneasiness and actual revolution have increased as a result largely of the underlying social and economic ferment, and of the decline in wartime expenditures by the U.S.

7. A slight

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7. A slight gain has been made in the observance of civil rights since the beginning of the twentieth century. Constitutional guarantees have been strengthened and professions of belief in civil rights have become more common, suggesting that the small actual progress may be the beginning of a much stronger trend toward greater observance of these rights. However, in none of the Latin American countries is the institution of civil rights yet established so firmly as in the U.S. or in the other English-speaking countries; although in a few countries these rights are being currently observed to the same extent.

8. In nearly all the Latin American countries effective popular participation in governments has increased. Progress has ranged from slight to substantial. Although the leader often overshadows the party program, political parties are better organized and real issues play a more important role than formerly in most of the Latin American countries. Leftist parties in most instances have been closely associated with organized labor. Although in a few cases the Communist parties have achieved a strategic political position, they have nowhere been dominant. In general the leftist parties have carried the banner of nationalism and have tended to be anti-U.S., but, except for the Communist parties, they have rarely been pro-Soviet.

9. Probably the most striking political development in the American Republics during the past half century is the increased demand that government concern itself

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more with the social and economic welfare of the people. This has resulted in a phenomenal growth of legislation designed to protect labor, distribute land more widely, improve sanitation and health facilities, and increase opportunities for education. Almost every country has done something in this direction and a fairly broad program of reform has been enacted in approximately half of them. Implementation has lagged far behind enactment, but in many cases the cause for failure has been an unrealistic estimate of available resources rather than a lack of genuine intention. Important gains have been made in many countries as recognition of the demands of the increasingly articulate masses, especially in industrial centers, has become a growing political necessity.

10. Most Latin American countries have not been able to establish stable and democratic political systems such as their constitutions, patterned upon that of the U.S., envisaged. Several factors have been responsible for this failure. Independence did not result in a clean break with the authoritarian political tradition of the colonial regime. The church, the landed gentry, and the military successfully defended their economic and political prerogatives for many decades after independence and have continued to exert a restraining influence upon the process of democratization of political life. Economic development was so inadequate as to prevent the emergence of an economically strong and politically conscious middle class. Democratic traditions and experience have been

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been lacking and the process of solving the pressing problems of economic welfare and security has been slow and laborious. These problems have been complicated in some instances by the efforts to assimilate millions of Indians who are heirs of a different type of civilization, as well as by inhospitable climates and over-worked soils. Disappointed with the achievements of nominally democratic governments the masses have sometimes been willing to trade their newly gained political power for such immediate economic advantages as the political leaders of the day were willing to promise.

11. The answer to some of the political and economic ills of the other twenty American republics eventually may be found in a regrouping of political entities which would provide stronger units for development and progress. The idea of federation in Central America and in the greater Colombia area is not a new one.

12. Despite their slow and tortuous advance toward political democracy in internal politics, the other American republics have in general willingly cooperated in the establishment of the inter-American system. Most of them have put their weight on the side of freedom and independence in world affairs. Inter-American documents are filled with statements reflecting the growing democratic sentiment among the Latin American peoples and a desire for international cooperation and serve, despite the shortcomings of the actual political systems of those countries, to indicate the probable direction of their political development over the long run. Such a development will be conditional upon the ability of the Latin American

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American countries to increase their national incomes, upon the continued growth of democratic political mores, and upon the existence of an environment of international peace and cooperation.

13. It is clear from the record of the development of the inter-American Organization that the American nations have abjured international anarchy among themselves, and have accepted the responsibilities of living in a community governed by law. This has been done by sharing common ideals and extending their application in the light of experience. There was no attempt to establish a super-state. That which could not be perfected at one time was approximated and the efforts continued. Failure was never final, and partial successes, accumulated. With these successes, there has come a clearer realization that democracy is not merely a body of doctrine or a form of government but also is a process of growth and development. The "development" of democratic principles in this system is, therefore, not an evolution toward democracy from any other system, but rather the clarification, reaffirmation, and implementation of principles that from its origin were basic to the system.

ORGANIZATION OF AMERICAN STATES AND THE UNITED NATIONS

14. The purposes of the Organization of American States, as set forth in its Charter, which when it goes into force will provide a constitutional basis for this regional system within the United Nations, are "(1) to strengthen the peace and security of the continent; (2) To prevent possible causes of difficulties and to ensure

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ensure the pacific settlement of disputes that may arise among the Member States; (3) to provide for common action on the part of those States in the event of aggression; (4) to seek the solution of political, juridical and economic problems that may arise among them; and (5) to promote by cooperative action, their economic, social and cultural development."

15. The Organization works through:

(a) the Inter-American Conference;

(b) the Meeting of Consultation of Ministers of Foreign Affairs, which is advised by the Advisory Defense Committee when it meets as the organ of consultation under the Rio Treaty;

(c) The Council, which under certain circumstances may act as a provisional organ of consultation, and which has as its organs:

(1) the Inter-American Economic and Social Council,

(2) the Inter-American Council of Jurists, and

(3) the Inter-American Cultural Council.

(d) the Pan American Union;

(e) the Specialized Conferences; and

(f) the Specialized Organizations, among them being:

Inter-American Institute of Agricultural Sciences;

Pan American Institute of Geography and History;

Inter-American Institute for the Protection of Childhood.

16. At

26. At San Francisco the Latin American States strongly advocated the greatest possible autonomy for the inter-American system in matters relating to peace and security. Their influence played an important if not decisive role in the drafting of the Charter provisions (Article 51 and Chapter VIII) on this subject. The Rio Treaty and the Bogotá Charter are consistent with and subject to these provisions. As a generality, the other American republics view the United Nations as a projection on a world basis of the principles and purposes of the inter-American system, although profoundly and adversely modified by the preferential status given the great powers. Practically all of the Latin American countries come within the "Small Power" category, but as a group of twenty--provided they act as a group--they can wield on basic issues an influence on the decisions of the United Nations which is out of proportion to their resources and capacity in world affairs. Although generally supporting the U.S. on important issues, in particular those affecting the East-West division, they have not hesitated to oppose us in some instances in which they have special interest. They even have bargained with other regional groups in such cases. In addition, some of the governments have seen in the United Nations a means by which to bring pressure on the U.S. for the adoption of increasingly favorable policies toward the economic requirements of the area or as a means by which to supplement the assistance which they may expect from the U.S. through bilateral and inter-American means. The Latin Americans, in this respect, are torn between two conflicting desires. An example is

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the creation of the United Nations Economic Commission for Latin America. The overwhelming majority of the Latin American countries probably prefer to work through their own regional organization, but at the same time they cannot resist the temptation to seek advantages through U.N. organizations even when the establishment of the latter may duplicate the work of inter-American organizations. Although the U.N. has presented the Latin American nations with an opportunity to play a constructive role in world affairs, they have not, with some notable exceptions, taken advantage of this opportunity. They have overly concentrated on obtaining the maximum distribution among themselves of membership in the principal organs of the U.N. and of prestige-bearing positions. A part of the difficulty doubtless is due to the fact that there is little familiarity with or participation in United Nations activities by the peoples of Latin America. The relationship is largely one maintained by Latin American government officials.

17. The multiplicity, complexity and expense of international organizations have become a serious problem, particularly for the smaller nations which simply do not have the personnel or resources required for effective participation. It was recognized at the Bogotá Conference, in view of the responsibilities and programs of the United Nations and related specialized agencies in economic, social and cultural matters, that every effort should be made to avoid costly and wasteful conflict and competitive work in these fields by inter-American organizations. The Bogotá Charter provides for the establishment of cooperative relations

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relations in all these fields between the world and regional organizations and also envisages the possibility of the assumption by inter-American organizations, through integrated relationships, of regional functions of international agencies. The Inter-American Economic and Social Council, the Economic Commission for Latin America of the United Nations Economic and Social Council, and other international bodies are studying Latin American economic and financial and social problems. Progress necessarily is slow; and it is unlikely that satisfactory concrete results will be obtained until much essential groundwork is done by the individual Latin American countries themselves.

POLITICAL AND ECONOMIC PROBLEMS

18. Political, economic and social problems are so closely related that they must be considered as a whole. Concepts of democracy vary widely among the Latin American countries. The great relative success of the U.S. political and economic system in providing high living standards and civil liberties probably has influenced the Latin American countries in favor of the general idea of democracy as contrasted with Nazism, Communism, or other totalitarian systems. However, while nationalism and the desire for national independence are powerful motivations in the Latin American countries, they may prove to be less powerful than the desire of peoples for better living conditions and greater security. Some of the peoples of Latin America might be persuaded by propaganda or by the failure of the democratic system to meet the serious problems of the

the present that they have more to gain personally from communism or other totalitarian systems.

19. It is important to determine if a dictatorial regime is of the traditional Latin American military or authoritarian type, or if it is of Communist, Nazist, or other police state type. The inter-American community has a legitimate concern on political and security grounds about the possible establishment in the Western Hemisphere of the police state system. It also is pertinent to distinguish between dictatorial governments whose influence is effective beyond their own borders and those whose actions are far less likely to be a threat to international peace and security. Dictatorial regions of the former category are of greater concern to the inter-American community; although those of the second category frequently are guilty of serious violations of human rights which are becoming more and more a matter of international concern.

20. These political problems bring to the fore the importance of a proper balance between duties and rights. Countries which claim the right to be entirely free from intervention by other countries logically should assume the duties imposed by standards of human rights and civil liberties which are accepted by the international community. The principles which are written into the body of inter-American treaties, conventions and agreements must be effectively applied before inter-American solidarity can become a reality.

21. A note dated November 22, 1945 addressed to the Ministers of Foreign Affairs of the American Republics by the

the Uruguayan Minister for Foreign Affairs observed that "parallelism between democracy and peace must constitute a strict rule of action in inter-American policy", and that the principle of non-intervention by a state in the affairs of another does not shield without limitation "the notorious and repeated violation by any Republic of the elementary rights of man and of the citizen, nor the non-fulfillment of obligations freely contracted by a state with respect to its external and internal duties and which entitle it to be an active member of the international community". The United States supported this Uruguayan proposal at the time it was made, although the majority of the Latin American governments were not prepared to accept it. The proposal is in such close accord with principles which are written into inter-American documents that it could profitably be kept alive and under study by the United States, Uruguay and other countries with similar views. Eventually it should be possible to secure agreement for collective action along the lines of the Uruguayan proposal.

22. The question of duties and rights also involves the problem of recognition. Refusal to recognize a government which has assumed power through the violent overthrow of a constitutionally elected government frequently is claimed to be a form of intervention. However, it also is claimed that automatic or too hasty recognition is equally a form of intervention which encourages political change through violent means rather than through orderly processes. However, at the present stage of political

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political development in Latin America, revolution at times is the only means of removing a government from office. Opinion among the American republics is divided. The practical value of continuity of diplomatic relations among the American Republics found expression in Resolution No. XXXV of the Bogotá Conference. There seems to be a growing trend against automatic or precipitate recognition and in favor of a careful weighing of all of the factors involved in the overthrow of a government. Some Latin American governments go even further and advocate withholding recognition until and unless a de facto regime gives assurances that free elections will be held.

23. It is generally accepted that higher levels of living standards, education, and health are conducive to political stability. This probably is a valid generalization, but experience also has shown that economic and social improvements do not necessarily result in representative democratic government.

24. The greater responsibility for economic and social betterment being assumed by many governments of the world, including that of the U.S., has exerted an influence in the Latin American countries. Some of them have gone further in this field than has the U.S., and have assumed greater responsibility in proportion to their resources than we have.

25. The economic and financial problem in Latin America is related to but quite distinct from the problem in Europe, and has to be treated differently. Europe is one of the great industrial centers of the world where there

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there existed, prior to the destruction wrought by the war, the essentials of plant, skilled labor, capital, technological and managerial ability. The European Recovery Program must be regarded not merely as a program to meet the individual problems of the European countries in bringing their industries back into production, but also as a program to revive the flow of goods to and from Europe. Most Latin American countries, on the other hand, are relatively undeveloped areas in the industrial sense. They are faced with the problem of working out a balanced economic development, involving both agriculture and industry. In most cases, the elements of profitable industry and agriculture which would contribute to the economic strength of a country are lacking. Capital, skilled labor and technical and managerial ability are not at present sufficiently available. The lack of continuing political stability and the traditional preference of investors for quick profits in speculative ventures also are factors militating against the accumulation and investment of local capital in productive enterprises. The development of a balanced and stronger economy in these countries is necessarily a long-term and continuing process.

26. The fact must be made clear to Latin America that all industrialization is not necessarily sound from the point of view of a strengthened national economy. Unwise industrialization can be merely an expression of exaggerated economic nationalism and a drain upon a country's economy. It also is important to recognize that private capital will flow to countries where there is reasonable expectation of fair treatment and profit.

Finally,

Finally, it must be understood that there is no easy and quick solution to the economic problems of the Latin American countries. The task is essentially long-term in nature. A recognition of this fact may be difficult of acceptance by various hard-pressed Latin American governments whose economies are subject to great strain; but it must be emphasized that results can only be obtained to an important degree after a good many years, and depending upon the efforts put forth by the Latin Americans themselves.

HEMISPHERE DEFENSE

27. The security of the Western Hemisphere is vital to the security of the United States. The geographic factors, the character of new weapons, and our military requirements for raw materials combine to render the cohesion of the hemisphere essential to U.S. security. Thus, in a global war, provision for Western Hemisphere security and access by the U.S. to important resources of the hemisphere would be conditions precedent to any trans-oceanic projection of major U.S. offensive power. Further, should the trend of global war turn against the U.S. to such an extent that it is in danger of being invaded, Canada and Latin America would be key areas to both ourselves and our enemies.

28. The Mutual Defense Assistance Act of 1949 was signed by the President on October 6. The provisions of the Act which are applicable to the other American republics read as follows:

"SEC. 408(e)

"SEC. 408(a) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials or services to ... a nation which has joined with the United States in a collective defense and regional arrangement: Provided, That, prior to any such transfer or the execution of any such contracts, any such nation shall have made available to the United States the full cost, actual or estimated, of such equipment, materials, or services, and shall have agreed to make available forthwith upon request any additional sums that may become due under such contracts."

29. In the present stage of development of the Latin American nations, their major war contribution would be:

(a) Strategic materials essential to our requirements for munitions;

(b) Air and naval bases;

(c) Manpower, which, when trained and equipped should be capable of frontier defense and denying to an enemy bases and sources of strategic materials located in their territories. A few of the Latin American Republics, such as Argentina, Brazil, and Mexico are capable of providing direct military assistance for the defense of the Hemisphere;

(d) The maintenance of internal security in each country, the prevention of enemy penetration, and exchange of intelligence among the American Republics; and

(e) Shipping services.

Countries such as Cuba, Panama, Venezuela, Colombia, Ecuador and Brazil occupy geographic positions of strategic importance. Several of the other Latin American countries should be able to cooperate in maintaining

supply

supply lines and in initially providing some resistance to enemy attack.

30. The American Republics have made provision for the maintenance of the peace and security of the Hemisphere by approving the Inter-American Treaty of Reciprocal Assistance which was signed in Rio de Janeiro and entered into force in December 1948. In this Treaty the U.S. and the other American republics have agreed that an attack against any one of them will be considered an attack against all. The Treaty has not yet been ratified by Argentina, Bolivia, Peru, Ecuador and Guatemala. The Charter of the Organization of American States provides for an Advisory Defense Committee (Articles 44-47). Resolution 34 of the Bogotá Conference provides that the existing Inter-American Defense Board shall continue to function until it no longer is needed. This Board recently has been reorganized with a view to furthering its effectiveness. Current operating problems in military matters relating to Latin America are dealt with by the Department of State and the National Military Establishment. Further study should be given to problems related to obligations under the Rio Treaty and to maximum cooperation among the American nations in achieving the objective of a secure and peaceful continent.

31. With the conclusion of the North Atlantic Treaty, the U.S. has become the hub of two strong security systems within the framework of the United Nations. Although there is no organic relationship between the Atlantic and the Rio Treaties, there is a relationship between them in that both may apply to the same situation, particularly in the event

event of another world conflict or of an armed attack on the U.S. The Latin American governments appear to recognize this relationship and generally to accept it and its consequences.

U.S. POSITION IN INTER-AMERICAN AFFAIRS

32. There is convincing evidence that both official and popular opinion in the U.S. strongly favor the continued development and strengthening of the Organization of American States as a successful and valuable regional organization. During recent decades, the U.S. has almost completely succeeded in persuading the other American republics that it has renounced, first, additional territorial ambitions, and, second, domination or direct interference in their domestic affairs. This, in combination with the great increase in U.S. power, has greatly strengthened the conviction in the other American republics that cooperation with the U.S. is the most effective insurance for their national independence.

33. Positive and continuing leadership by the U.S. is required for the successful development of the Organization of American States. The U.S. inevitably exercises a [redacted] influence in the other American republics, both by action and by failure to act. Since we accept the principle of the equality of states under the law, we can achieve an influence commensurate with our responsibilities only through the acceptance and constructive application of leadership. It would be desirable, for example, for the U.S. to make a special effort to understand labor's problems and to facilitate closer relations between labor in the U.S. and labor movements in Latin America. Many of the principles set forth in the following section of the paper can be, and perhaps should be, authoritatively and publicly stated and reiterated at opportune times. These would be specific means

means of exercising forthright U.S. leadership in inter-American affairs. Such leadership would strengthen the desirable effort to promote and maintain inter-American solidarity on the basis described by President Roosevelt in his Inaugural Address in 1933: "In the field of world policy I would dedicate this nation to the policy of the good neighbor--the neighbor that resolutely respects himself and because he does so, respects the rights of others--the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors".

34. One of the most troublesome problems in our inter-American relations is whether the U.S. should treat all of the American Republics alike or should cooperate more closely with those governments which rest upon the freely expressed consent of the governed. Under the latter alternative we would be working toward the enlistment of the understanding and support of peoples of Latin America. As long as dictatorial regimes continue, the U.S. would not have to indulge in unnecessary public denunciation of such regimes, but we could collaborate in a recognizably closer and more friendly way with those governments which are representative rather than dictatorial in character. We should exercise patience and understanding, and exert our influence by example rather than by an effort to impose tutelage.

35. Many of the principles and objectives regarding economic and social betterment have been written into general Inter-American documents. This has increased the

confidence

confidence of the Latin American countries in the continuity of U.S. policies of restraint and moderation and reciprocal cooperation. It has not, however, reassured them regarding our specific economic policies. There have been lapses or changes and modifications on the part of the U.S. as concerns its economic and trade relations with the other American republics which have caused, even in recent years, some concern and disappointment in Latin America. Many Latin American governments believe that there is relative over-emphasis on the political and security aspects of inter-American relations, and that the economic needs of the area are being neglected. The importance of economic factors at the present stage of development of inter-American relations certainly is widely recognized both in Government and private circles in the U.S. A part of our difficulty in meeting the situation in Latin America arises from the demands of our vital interests in other parts of the world, and from the inevitable problems of transition from wartime conditions.

36. The Institute of Inter-American Affairs conducts cooperative programs in the Latin American countries in health and sanitation, agriculture and food supply, and education. Appropriations for carrying on these activities are to be included in the funds for the Point Four Program. It is anticipated that these programs for the economic development of backward areas will be expanded both by unilateral action of the U.S. and by its cooperation with the United Nations and other inter-governmental organizations in a similar program. The activities of the Inter-Departmental Committee on Scientific and

Cultural

cultural cooperation will be coordinated with the broader Point Four Program.

37. Most of the other American republics appear to desire, in one form or another, financial assistance from the United States Government. It is the policy of the United States to meet the needs of foreign countries for developmental loans through the International Bank so far as possible, although in appropriate cases loans for this and other purposes are made by the Export-Import Bank. Individual requests for loans must be judged on their merits; they must meet the standards of the lending institution, particularly with respect to the economic soundness of the project, the capacity of the country to repay, and the non-availability of private capital on reasonable terms and conditions.

38. A number of Latin American Republics have endeavored to commit the United States to price or market guarantees for their principal export commodities. The United States is prepared to enter into international commodity agreements in accordance with the provisions of the draft ITO Charter and the resolution of March 4, 1947,* of the United Nations Economic and Social Council, but is not prepared to participate in arrangements which maintain uneconomic industries and retard necessary adjustments.

39. Improved

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* If possible, a footnote should give a brief summary of the pertinent provisions of the draft ITO Charter and the Resolution of March 4, 1947 of the U.N. Economic and Social Council.

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39. Improved economic conditions in Latin America are essential to political stability and security. The U.S. can help to create such conditions by technical assistance, by economic development loans in appropriate cases, by reducing import barriers, and by sympathetic interest and advice. The essential factor, however, is action by the Latin American countries themselves. The U.S., for example, should give strong support to the efforts of the International Monetary Fund to promote more orderly exchange practices in Latin American countries. Many of the countries in this area are notorious both for the general instability of their currencies (internally and externally) and also for their extensive employment of multiple exchange rates and other unorthodox practices in the exchange field. Corrective measures by Latin American governments are essential to a solution of the problem. The Latin American countries themselves also have the authority and ability to adopt measures which will encourage private initiative to do the main job of economic development. To help avoid a somewhat natural but undesirable situation in which most of the Latin American Republics appear only on the receiving end of economic assistance from the U.S., the stronger nations among them also should carry a share of the burden of aiding the weaker countries. In whatever aid the U.S. can grant, we must make it clear that self-help on the part of recipient countries will be important factors in the determination of U.S. action.

TREATMENT OF PRINCIPLES

40. Latin America is of great importance to the security and welfare of the United States.

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41. The formulation of U.S. policies relating to Inter-American affairs should give due weight to all factors entering into the context of our relations with the Latin American countries. These factors are political, economic, financial, commercial, military, psychological, strategic, social and cultural in character.

42. U.S. leadership in Inter-American affairs should be commensurate with our power and responsibility, and should be exercised both unilaterally and through the Organization of American States and other international bodies.

43. One of our first basic principles is our essential faith in the worth of the individual.

44. The U.S. should stand for the observance by all governments of an ethical standard of international conduct, and their respect for and compliance with freely accepted international obligations.

45. The U.S. should seek to preserve our way of life and our institutions, but without seeking to impose them upon others.

46. The protection of all of the legitimate interest of the American people and Government is of primary importance in the conduct of our relations with the other American republics, together with respect for the legitimate interests of the other American peoples and governments.

47. The U.S. should continue to support the principle of the juridical equality of all of the American nations.

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29. The U.S. should continue to support the principle of non-intervention in the internal or external affairs of the American states by other American states; it also should support the principle of such collective action to safeguard the common peace and security as is explicit or logically implicit in inter-American treaties, conventions, and other agreements.

30. The U.S. seeks to improve and strengthen, with the other American countries, the United Nations and the Organization of American States in order to increase their effectiveness for the maintenance of international peace and for the promotion of the economic, social and political welfare of the people of the American Republics.

31. The U.S. should seek acceptance of the principle that reciprocity is essential in inter-American relations; it necessarily reciprocity is kept low in the sense of willingness to contribute to the creation of conditions which give the greatest promise for the general security and welfare.

32. The U.S. should take the stand that a real observance of freedom of information is obligatory upon the members of the Organization of American States; and that there should be a common goal of unrestricted exchange in all other fields--economic, scientific, cultural, etc.

33. The U.S. should seek acceptance of the principle that the stimulation of private effort is the most important factor in political, economic and social progress.

34. The

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3. The resources of the U.S. are limited, and in our cooperation with the Latin American countries we should give priority to those countries which cooperate in good faith with us in our efforts to establish those conditions which we deem essential to security and welfare.

4). Economic cooperation and assistance extended by the U.S. to Latin American countries should be granted only on a cooperative basis in which the Latin American governments themselves carry out measures of self-help and mutual aid; should take into account the effect that such U.S. aid and cooperation may have; should contribute toward bringing about a resumption of world trade on a multilateral basis; should recognize that the raising of living standards and the economic development of the Latin American countries are long-range undertakings and that there are no quick and easy solutions; and should rest upon a strengthening of the private enterprise system so that both domestic and foreign private capital will be encouraged to invest in productive enterprise. However, we must recognize the fact that the U.S. should not have to unrestricted free enterprise system. We have for many years been accustomed to laws such as those regulating utilities, child labor, working conditions, etc. We should be neither surprised at nor attempt to use our power to block new economic undertakings by Latin American governments simply because at another time and in other countries they would have seemed suitable only for private enterprise. An approach to investment and business operations in Latin America which is fundamentally different from that which the U.S. may be willing requires Governmental initiative

[illegible]

[illegible] [illegible] [illegible] [

the three following factors, any or all of which would be applied in a given case according to U.S. national interest: (1) de facto control of the territory and administrative machinery of the state, including maintenance of public order; (2) ability and willingness of a government to discharge its international obligations; (3) general acquiescence of the people of a country in the government in power. Experience has indicated that the withholding of recognition of anti-democratic governments by the U.S. has not by itself proved an effective or appropriate means to deter the establishment and maintenance of such governments.

50. Actions, governmental or private, which persistently ignore human rights or which are deterrents to an attainable rise in standards of living usually result in political and social unrest. Totalitarian forces are quick to take advantage of these conditions and to promote disorder and revolt in order to serve their own purposes. The position of the U.S. should be that democratic representative institutions, including a free and responsible labor movement, and economic progress offer the best hope for a long-term solution of this problem by the American Republics. There will be limitations imposed by the human and material resources available for this evolutionary process in each country.

60. Communist subversion and infiltration are the most serious present threat to U.S. and Hemisphere security. In some of the Latin American countries authoritarian governments are an effective check on communist activities.

Any

any transition from authoritarian to democratic representative institutions should be undertaken under circumstances which would provide adequate alternate checks.

61. United States military cooperation with the Latin American countries is aimed at the fulfillment of obligations under the Rio Treaty and the maximum cooperation among the American nations in achieving the objective of a secure and peaceful continent. From the U.S. point of view, our national security and Hemisphere defense include the following considerations:

(a) The production and availability to United States industries of strategic materials from Latin America necessary to meet our war requirements;

(b) The provision of bases in Latin-American countries for inter-American use in war;

(c) The denial by the Latin American nations to an enemy of bases and sources of strategic materials located in their countries;

(d) The preservation of individual internal security of the Latin American countries and the prevention of enemy penetration;

(e) Provision by selected Latin American countries of limited organized manpower in support of United States combat strength;

(f) The use of Latin American merchant shipping for the common war effort; and

(g) Exchange of intelligence among the American Republics.

Our military cooperation in Latin America should be planned as a part of overall U.S. security requirements;

should

should avoid any additional burden on the economies of Latin American countries during the near future; should avoid measures that would lead to an arms race in the Americas; should not strengthen military dictatorships at the expense of progress toward representative civilian government; and should most carefully guard against the military strengthening of any Latin American country in which there is risk of the establishment of a police state system.

6½. Information and educational exchange programs of the United States should be based on the following principles:

(a) Genuine interchange of cultures is more desirable and beneficial than an effort to convince others of the superiority of our own culture and institutions;

(b) The United States should make its objectives and policies clear to Latin Americans through its information media, and should make a consistent effort toward a better exchange of information about Latin America in the United States and about the United States in Latin America;

(c) The United States should, through every channel available to it, including appropriate international agencies, encourage raising of the educational and economic level of Latin American peoples with the end in view of achieving a better climate for true inter-American understanding; and

(d) Programs

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(d) Programs for exchanges of all categories should be expanded as rapidly as funds permit, and the Department should continue to urge upon Congress the importance of adequate appropriations for these purposes.

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ANNEX

SOURCES AND STATISTICS

1. The major source materials for this paper are the documents listed and a series of airgrams and despatches from U.S. diplomatic missions in the twenty American republics:

A. Department of State Policy Statements series (those Statements regarding the American republics, including a preliminary draft of an area policy statement);

B. Inter-American Treaty of Reciprocal Assistance, signed at Rio de Janeiro, September 2, 1947 (ratified by U.S. Senate and now in effect);

C. Charter of the Organization of American States, signed at the Ninth International Conference of American States, Bogotá, March 30-May 2, 1948 (to be submitted to U.S. Senate for ratification during session of the 81st Congress);

D. Economic Agreement of Bogotá, signed at the Ninth International Conference of American States (not yet submitted to the U.S. Senate);

E. Charter of the United Nations;

F. PPS-24, March 15, 1948, entitled "To Establish the Policy of the Department regarding the Recognition of New Governments" (approved by the Secretary);

G. PPS-26, March 22, 1948, entitled "To Establish U.S. Policy regarding Anti-Communist Measures which could be planned and carried out within the Inter-American System" (approved by the Secretary);

H. The Developments of Democratic Principles and Procedures in the Inter-American System (Research Project No. 85, October 1948, Division of Historical Policy Research, Office of Public Affairs);

I. Political Development and Trends in the Other American Republics in the Twentieth Century (OIR Report No. 4780(PV), October 27, 1948, Division of Research for American Republics, Office of Intelligence Research.

2. There is

2. There is a great disparity in the stage of development, resources, and power among the twenty-one American republics. Statistical data in most of those countries are scant and unreliable. Estimates prepared during May 1948 by the Division of Research for American Republics serve at least to illustrate the great differences that exist. The following examples show the wide gap between the two extremes among the twenty Latin American countries, and the comparable figures for the United States:

	Upper and Lower Limits, 20 LA Countries	Comparable Figures for the Continental U.S.
Area	Brazil, 3,286,000 sq.mls. Haiti, 11,000 " "	2,977,000 sq.mls.
% arable land	Uruguay, 82% Honduras, 3%	27%
Population	Brazil, 46,726,000 Panama, 632,000	145,340,000
Density of Population	Haiti, 327.1 per sq.mi. Paraguay, 8 " " "	44.2 per sq.mi.
% White population	Argentina, 97% Haiti under 1%	90%
% Illiteracy	Argentina, 15% Haiti, 85%	1%
Per capita national income per annum	Argentina, $235 Bolivia, $ 15	$1,149

3. According to these estimates, the United States is first in population and per capita national income among the 21 American republics, second in area and in percent of white population, seventh in percent of arable land, and lowest in percent of illiteracy.